

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

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| IN THE MATTER OF: | STIFEL, NICOLAUS & COMPANY, |) | |
| | INCORPORATED, |) | |
| | ITS EMPLOYEES, AFFILIATES, |) | File No. 0700156 |
| | SUCCESSORS, AGENTS AND ASSIGNS |) | |
| | |) | |

NOTICE OF HEARING

TO THE RESPONDENT: Stifel, Nicolaus & Company, Incorporated
 C/O Lisa Nielsen, Esq.
 Greensfelder, Hemker and Gale
 10 South Broadway, Ste 2000
 St. Louis, MO 63102

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 300 West Jefferson Street, Suite 300A, Springfield, Illinois 62702, on the 15th of June, 2011, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis, or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order of Prohibition and Revocation should be entered against Stifel, Nicolaus and Company, Incorporated, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, (the "Respondent") in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within ten (10) days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That the Respondent Stifel, Nicolaus & Company, Incorporated ("Stifel Nicolaus") is a registered broker/dealer with a last known main address of 501 N. Broadway, St. Louis, Missouri 63102;
2. At all times relevant, Neil Rolla Harrison ("Harrison"), an Illinois resident, was registered as an Illinois salesperson through Stifel Nicolaus pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 et seq. (the "Act");

Notice of Hearing

-2-

3. That from on or about November, 2006, and continuing until approximately April, 2008, Harrison solicited a loan from CD and fraudulently obtained funds from ED, RB, RM and RH;
4. That on or about October 23, 2008, Harrison was terminated from Stifel Nicolaus for soliciting and obtaining loans from clients;
5. That on June 4, 2009, the Illinois Securities Department issued an Order of Prohibition and Revocation ("Order") against Harrison which is incorporated by reference herein;
6. That said Order found that Harrison violated sections 12.A, 12.D and 12.G of the Act in that Harrison fraudulently obtained client funds by directing multiple clients to write personal checks made out to Harrison, representing to said clients that the funds were to be used for investments and/or personal loans, but in fact Harrison deposited said checks into his personal bank account and used said funds for personal benefit, use and expenses;
7. That on or about June 17, 2009, Harrison entered into a guilty plea in Federal Court for mail fraud and fraudulent investment scheme, in that Harrison, in connection with this scheme, defrauded ED, RB, RM and RH of a total of \$62,724 between May, 2007 and approximately April, 2008;
8. That the aforesaid fraudulent activities and unethical conduct of Harrison took place while Harrison was employed by and registered as an Illinois salesperson through Stifel Nicolaus and that such activities/conduct violated the policy and procedures of Stifel Nicolaus;
9. That Section 8.E.1(e) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a dealer may be suspended or revoked if the Secretary of State finds that the dealer has failed reasonably to supervise the securities activities of any of its salespersons and the failure has permitted or facilitated a violation of Section 12 of this Act and failed to maintain and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of its salespersons that are reasonably designed to achieve compliance with applicable securities laws and regulation;

Notice of Hearing

-3-

10. That, in light of Neil Rolla Harrison's previous attempt to obtain loans from customers while at A. G. Edwards, Respondent Stifel Nicolaus did not adequately disclose its policy to certain clients of Mr. Harrison that checks should not be made out to their broker, that cash should not be given to their broker, and that no transactions outside of Stifel should be engaged in with their broker, and that said failure contributed in the aforesaid fraudulent and unethical activities by Harrison and facilitated violations of Section 12 of the Act;
11. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, as well as the costs of investigation and reasonable expenses;
12. That by virtue of the foregoing, the Respondent is subject to the entry of an Order which revokes its dealer's registration in the State of Illinois pursuant to the authority provided under Section 8.E.(1)(e) of the Act as well as a fine in the amount of \$10,000.00 per violation.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty days of the receipt of this notice. Your failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondents.

Notice of Hearing

-4-

Dated this 24th day of May, 2011.

 DP

Jesse White
Secretary of State
State of Illinois

Attorney for the Secretary of State:

Johan Schripsema
Illinois Securities Department
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Hearing Officer:

Jon K. Ellis
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